

103^D CONGRESS
1ST SESSION

H. R. 1413

To amend title II of the Social Security Act to eliminate the penalty imposed on wage income earned by individuals who have attained retirement age.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1993

Mr. DREIER introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to eliminate the penalty imposed on wage income earned by individuals who have attained retirement age.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair Tax Relief for
5 Working Older Americans”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

8 (1) no American should be unfairly discouraged
9 from working;

1 (2) older Americans are currently severely pe-
2 nalized for attempting to continue to work past the
3 Federal retirement age;

4 (3) an older American that earns just \$10,560
5 annually will face an effective Federal marginal tax
6 rate of 56 percent;

7 (4) continued American economic strength and
8 prosperity will require retaining our most experi-
9 enced and dependable workers;

10 (5) By eliminating the \$200,000,000 adminis-
11 trative expense spent each year by the Social Secu-
12 rity Administration enforcing the earning penalties,
13 and encouraging more older Americans to continue
14 to work while productive, Federal revenues would be
15 increased by over \$140,000,000, and a significant
16 increase in Social Security reserves would accrue as
17 well.

18 **SEC. 3. REPEAL OF TAX PENALTY ON OLDER AMERICANS.**

19 (a) Section 203 of the Social Security Act (42 U.S.C.
20 403) is amended—

21 (1) in paragraph (1) of subsection (c), para-
22 graphs (1)(A) and (2) of subsection (d), by striking
23 “the age of seventy” and inserting “retirement age
24 (as defined in section 216(l))”;

1 (2) in subsection (f)(1)(B), by striking “age
2 seventy” and inserting “retirement age (as defined
3 in section 216(l))”;

4 (3) in subsection (f)(3)—

5 (A) by striking “33 $\frac{1}{3}$ percent” and all
6 that follows through “multiplied by the number
7 of months in such year” and inserting “50 per-
8 cent of his earnings for such year in excess of
9 the product derived by multiplying the applica-
10 ble exempt amount as determined under para-
11 graph (8) by the number of months in such
12 year”, and

13 (B) by striking “age 70” and inserting
14 “retirement age (as defined in section 216(l))”;

15 (4) in subsection (g)—

16 (A) by striking “attained age 70” and in-
17 serting “attained the age of retirement (as de-
18 fined in section 216(l))”, and

19 (B) by striking “under age 70” and insert-
20 ing “under the age of retirement (as defined in
21 section 216(l))”;

22 (5) in subsection (j)—

23 (A) by striking “age seventy” in the head-
24 ing and inserting “retirement age”, and

1 (B) by striking “seventy years of age” and
2 inserting “having attained retirement age (as
3 defined in section 216(l))”.

4 **SEC. 4. CONFORMING AND RELATED AMENDMENTS.**

5 (a) Section 203 of the Social Security Act (42 U.S.C.
6 403(f)(8)(A)) is amended—

7 (1) in the last sentence of subsection (c), by
8 striking “nor shall any deduction” and all that fol-
9 lows and inserting “nor shall any deduction be made
10 under this subsection from any widow’s or widower’s
11 insurance benefit if the widow, surviving divorced
12 wife, widower, or surviving divorced husband in-
13 volved became entitled to such benefit prior to at-
14 taining age 60.”;

15 (2) in subsection (f)(1) by striking clause (D)
16 and inserting the following “(D) for which such indi-
17 vidual is entitled to widow’s or widower’s insurance
18 benefits if such individual became so entitled prior
19 to attaining age 60, or”;

20 (3) in subsection (f)(8)(A), by striking “the new
21 exempt amounts (separately stated for individuals
22 described in subparagraph (D) and for other individ-
23 uals which are to be applicable” and inserting “the
24 new exempt amount which is to be applicable”;

25 (4) in subsection (f)(8)(B)—

1 (A) by striking all that precedes clause (i)
2 and inserting the following:

3 “(B) The exempt amount which is applicable
4 for each month of a particular taxable year shall be
5 whichever of the following is the larger—”,

6 (B) in clause (i), by striking “correspond-
7 ing”, and

8 (C) in the last sentence, by striking “an
9 exempt amount” and inserting “the exempt
10 amount”;

11 (b) Section 203(f)(8)(D) of such Act (42 U.S.C.
12 403(f)(8)(D)) is repealed.

13 (c) Section 202(w)(2)(B)(ii) of such Act is amend-
14 ed—

15 (1) by striking “either”; and

16 (2) by striking “or suffered deductions under
17 section 203(b) or 203(c) in amounts equal to the
18 amount of such benefit”.

19 **SEC. 5. EFFECTIVE DATE.**

20 The amendments and repeals made by this Act shall
21 be effective with respect to taxable years ending after De-
22 cember 31, 1993.

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